

<h1>NHS Highland</h1>	
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**Meeting:** Highland Health & Social Care  
Committee

**Meeting date:** 2 July 2025

**Title:** Finance Report – Month 12 2024/2025  
Year End position & 2025/2026 Financial  
Plan Summary

**Responsible Executive/Non-Executive:** Arlene Johnstone, Chief Officer, HHSCP

**Report Author:** Elaine Ward, Deputy Director of Finance

**Report Recommendation:**

The Committee is asked to **Examine** and **Consider** the content of the report and take **Moderate Assurance**.

1 Purpose

This is presented to the Board for:

- Assurance

This report relates to a:

- Annual Operating Plan

This report will align to the following NHSScotland quality ambition(s):

Safe, Effective and Person Centred

This report relates to the following Strategic Outcome(s)

Start Well		Thrive Well		Stay Well		Anchor Well	
Grow Well		Listen Well		Nurture Well		Plan Well	
Care Well		Live Well		Respond Well		Treat Well	
Journey Well		Age Well		End Well		Value Well	

Perform well	X	Progress well		All Well Themes			
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2 Report summary

2.1 Situation

This report is presented to enable discussion on the NHS Highland financial position at Month 12 (March) 2024/2025. This report represents a draft year end position and is subject to change pending any final adjustments and Audit Scotland scrutiny of the Annual Report & Accounts.

2.2 Background

NHS Highland submitted a financial plan to Scottish Government for the 2024/2025 financial year in March 2024. This plan presented an initial budget gap of £112.491m. With a brokerage cap of £28.400m this meant cost reductions/ improvements of £84.091m were required. The Board received feedback on the draft Financial Plan 2024-27 on the 4 April 2024 which recognised that “the development of the implementation plans to support the above savings options is still ongoing” and therefore the plan was still considered to be draft at this point. The feedback also acknowledged “the significant progress that has been made in identifying savings options and establishing the appropriate oversight and governance arrangements”.

Following submission and feedback from the draft Financial Plan confirmation was received that the cost of CAR-T, included within the pressures, would be funded nationally.

There was also notification of an additional allocation of £50m nationally on a recurring basis, specifically to protect planned care performance. The NHS Highland share on an NRAC basis was £3.3 million. This funding was to enable NHS Highland to maintain planned care performance whilst reducing the distance from the brokerage limit in 2024/25.

Additionally, Argyll & Bute IJB confirmed its ability to deliver financial balance through the use of reserves.

A paper was taken to the NHS Highland Board on 28 May recommending that the Board agree a proposed budget with a £22.204m gap from the brokerage limit of £28.400m – this was agreed and was reflected in monitoring reports presented to the Finance, Resources & Performance Committee and the NHS Highland Board.

Following the quarter 2 review with Scottish Government the Board was informed of a revision to the brokerage cap. For the 2024/2025 financial year £49.700m has been made available.

For 2025/2026 NHS Highland submitted a revised financial plan to Scottish Government in June 2025 following on from feedback from the March submission. The request of Scottish Government was to reduce the net deficit to no more than £40 million. The revised plan has now been accepted.

**2.3 Assessment**

At the end of March 2025 (Month 12) an underspend of £0.206m is reported. This position has been delivered following the application of £49.700m of brokerage and additional funding from the Highland Council Transformation Fund to support the Adult Social Care position.

The HHSCP reported a year end overspend of £13.648m – this position reflects additional funding received from the Highland Council to reduce the ASC overspend.

**2.4 Proposed level of Assurance**

Substantial	<input type="checkbox"/>	Moderate	<input checked="" type="checkbox"/>
Limited	<input type="checkbox"/>	None	<input type="checkbox"/>

**Comment on the level of assurance**

It is only possible to give moderate assurance at this time. The position reported aligns with the Scottish Government Brokerage cap but still presents a position with is significantly adrift from financial balance.

**3 Impact Analysis**

**3.1 Quality/ Patient Care**

The impact of quality of care and delivery of services is assessed at an individual scheme level using a Quality Impact Assessment tool. All savings are assessed using a Quality Impact Assessment (QIA).

**3.2 Workforce**

There is both a direct and indirect link between the financial position and staff resourcing and health and wellbeing. Through utilisation of the QIA tool, where appropriate, the impact of savings on these areas is assessed.

**3.3 Financial**

Scottish Government has recognised the financial challenge on all Boards for 2024/2025 and beyond and are continuing to provide additional support to develop initiatives to reduce the cost base both nationally and within individual Boards. NHS Highland continues to be escalated at level 3 in respect of finance.

**3.4 Risk Assessment/Management**

There is a risk associated with the delivery of the Value & Efficiency programme. The Board are developing further plans to generate cost reductions/improvements. There is an emerging risk associated with allocations – this has been reflected in the forecast year end position.

**3.5 Data Protection**

There are no Data Protection risks associated with this report.

**3.6 Equality and Diversity, including health inequalities**

An impact assessment has not been completed because it is not applicable

**3.7 Other impacts**

None

**3.8 Communication, involvement, engagement and consultation**

The Board has carried out its duties to involve and engage both internal and external stakeholders where appropriate through the following meetings:

- Executive Directors Group – via monthly updates and exception reporting
- Monthly financial reporting to Scottish Government

**3.9 Route to the Meeting**

This has been previously considered by the following groups as part of its development. The groups have either supported the content, or their feedback has informed the development of the content presented in this report.

- EDG
- FRPC

**4.1 List of appendices**

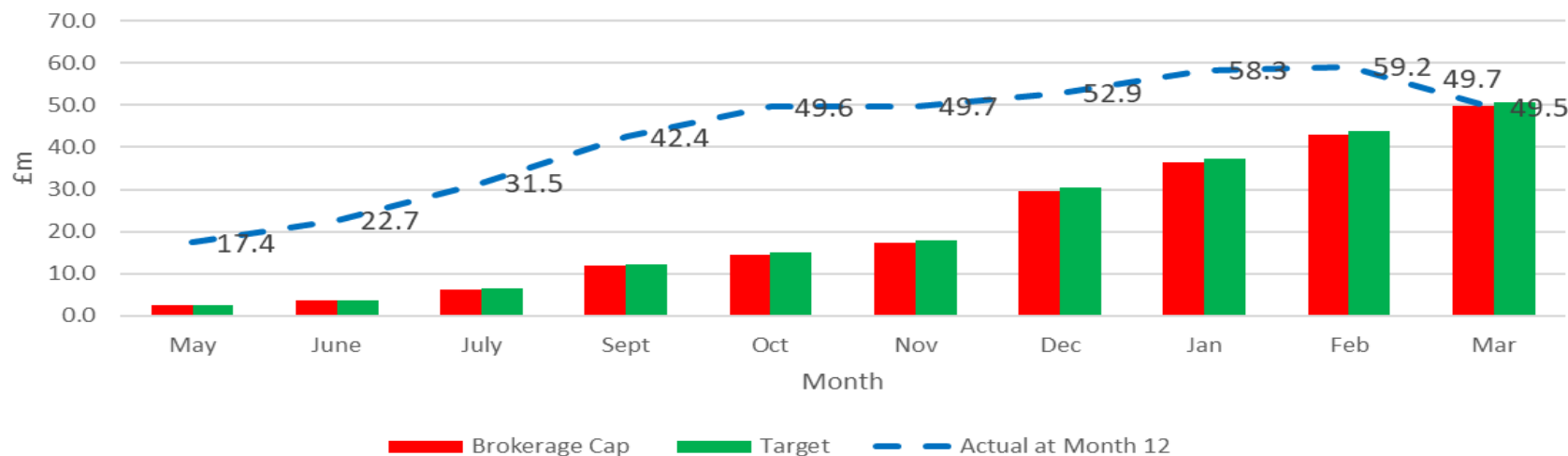
N/A

Highland Health & Social Care Partnership  
Finance Report – Month 12 2024/2025 (March 2025) &  
2025/2026 Financial Plan Summary

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# MONTH 12 2024/2025 –MARCH 2025

Actual v Planned Financial Performance



Target	YE Position £m
Delivery against Revenue Resource Limit (RRL) DEFICIT/ SURPLUS	49.5
Delivery against Brokerage Cap DEFICIT/ SURPLUS	0.2
Deliver against Target agreed with Board YTD DEFICIT/ SURPLUS	1.1

- Year end deficit of £49.5m before application of SG Brokerage
- £0.2m better than revised brokerage limit
- £1.1m better than target agreed with Board May 2024
- When brokerage applied reported year end position is a £0.21m underspend

# MONTH 12 2024/2025 – MARCH 2025



Summary Funding & Expenditure	FY Plan £m	FY Actual £m	FY Variance £m
<b>Total Funding</b>	1,305.241	1,305.241	-
<b><u>Expenditure</u></b>			
HHSCP	478.608	492.256	(13.648)
Acute Services	327.438	343.843	(16.405)
Support Services	217.944	187.686	30.258
<b>Sub Total</b>	<b>1,023.990</b>	<b>1,023.784</b>	<b>0.206</b>
Argyll & Bute	281.252	281.252	-
<b>Total Expenditure</b>	<b>1,305.241</b>	<b>1,305.036</b>	<b>0.206</b>

## MONTH 12 2024/2025 SUMMARY

- Underspend of £0.206m reported following application of £49.700m brokerage received from Scottish Government
- Position without brokerage would be an overspend of £49.494
- Adult Social Care position has been offset via funding from Highland Council Transformation fund and application of brokerage

# MONTH 12 2024/2025 – MARCH 2025

## KEY RISKS



- ASC – breakeven position confirmed for 2024/2025 but overall position continues to be a risk into 2025/2026

### ***Generic risks which will continue into 2025/2026:***

- Supplementary staffing – spend continues to fluctuate but overall less than 2023/2024
- Prescribing & drugs costs – increases in both volume and cost.
- Increasing ASC pressures – suppliers continuing to face sustainability challenges
- Health & Care staffing
- Ability to delivery Value & Efficiency Cost Reduction/ Improvement Targets
- SLA Uplift
- Allocations less than anticipated

## MITIGATIONS



- Funding position agreed to balance Adult Social Care
- Adult Social Care funding from SG confirmed as higher than anticipated
- Development of robust governance structures around agency nursing utilisation
- Additional New Medicines funding
- Financial flexibility / balance sheet adjustments
- MDT funding reinstated following positive discussion with SG
- Increase to the initial brokerage limit
- Reduction in CNORIS contribution
- Additional funding for AfC non pay element of 2023/2024 pay award



# MONTH 12 2024/2025 – MARCH 2025



Current Plan £m	Detail	Plan to Date £m	Actual to Date £m	Variance to Date £m
	<b>HHSCP</b>			
272.451	NH Communities	272.451	278.733	(6.282)
58.317	Mental Health Services	58.317	60.040	(1.723)
164.066	Primary Care	164.066	165.698	(1.632)
(16.227)	ASC Other includes ASC Income	(16.227)	(12.215)	(4.011)
<b>478.608</b>	<b>Total HHSCP</b>	<b>478.608</b>	<b>492.256</b>	<b>(13.648)</b>
	<b>HHSCP</b>			
302.964	Health	302.964	305.698	(2.733)
175.643	Social Care	175.643	186.558	(10.915)
<b>478.608</b>	<b>Total HHSCP</b>	<b>478.608</b>	<b>492.256</b>	<b>(13.648)</b>

Locum/ Agency & Bank Spend	In Month £'000	YTD £'000
Locum	782	6,168
Agency (Nursing)	451	3,310
Bank	780	9,441
Agency (exclu Med & Nurs)	171	2,009
<b>Total</b>	<b>2,184</b>	<b>20,928</b>

## HHSCP

- Full year overspend of £13.648m reported
- The overspend within ASC has been offset with slippage on health funding and the application of brokerage and THC transformation funding
- Prescribing & Drugs contributed £2.249m to the overspend
- £2.519m of ASC V&E cost reductions/ improvements delivered
- Supplementary staffing costs of £20.928m within overall position
- £1.750m incurred in unbudgeted out of area placement costs

# MONTH 12 2024/2025 – ADULT SOCIAL CARE



Services Category	Annual Budget £000's	Actual £000's	Variance £000's
<b>Total Older People - Residential/Non Residential Care</b>	<b>60,227</b>	<b>58,610</b>	<b>1,617</b>
<b>Total Older People - Care at Home</b>	<b>38,008</b>	<b>41,151</b>	<b>(3,143)</b>
<b>Total People with a Learning Disability</b>	<b>49,969</b>	<b>54,222</b>	<b>(4,253)</b>
<b>Total People with a Mental Illness</b>	<b>10,370</b>	<b>9,360</b>	<b>1,009</b>
<b>Total People with a Physical Disability</b>	<b>9,352</b>	<b>10,226</b>	<b>(874)</b>
<b>Total Other Community Care</b>	<b>13,165</b>	<b>13,197</b>	<b>(32)</b>
<b>Total Support Services</b>	<b>(4,917)</b>	<b>(847)</b>	<b>(4,070)</b>
<b>Care Home Support/Sustainability Payments</b>	<b>0</b>	<b>1,349</b>	<b>(1,349)</b>
<b>Total Adult Social Care Services</b>	<b>176,173</b>	<b>187,268</b>	<b>(11,095)</b>
<b>Less ASC Estates</b>	<b>530</b>	<b>710</b>	<b>(180)</b>
<b>Total Adult Social Care Services - Revised</b>	<b>175,643</b>	<b>186,558</b>	<b>(10,915)</b>

## ADULT SOCIAL CARE

- The reported position for ASC is an overspend of £10.915m. This overspend has been covered by a combination of slippage on health funding and the application of brokerage.
- £2.161m was drawn down from THC transformation fund with a further contribution of £5.6m from the Transformation Fund to in support of the reported position
- £4.052m of supplementary staffing costs within in-house care homes are included within the year to date position

# MONTH 12 2024/2025 – ADULT SOCIAL CARE



## NHSH Care Homes Supplementary Staffing

Care Home	Month 12		
	Agency £000's	Bank £000's	Total YTD £000's
Ach an Eas	-	28	237
An Acarsaid	-	14	133
Bayview House	-	16	218
Caladh Sona	-	-	8
Dail Mhor House	-	1	3
Grant House	25	16	284
Home Farm	118	8	1,240
Invernevis	12	13	202
Lochbroom	-	14	206
Mackintosh Centre	-	3	9
Mains House	46	8	631
Melvich	-	4	63
Pulteney	-	24	290
Seaforth	-	26	287
Strathburn	-	-	70
Telford	1	11	58
Wade Centre	-	11	114
<b>Total</b>	<b>202</b>	<b>196</b>	<b>4,052</b>

- Ongoing reliance on agency/ bank staffing within Home Farm and Mains House

# MONTH 12 2024/2025 – ADULT SOCIAL CARE



Workstream	Target	Achieved
12.5% Reduction in Management	300	310
Building Bases Services	220	
Younger Adults Complexity	510	
Income Maximisation care costs	900	900
Review of Option 1 and 2	500	500
Redesign of Care Homes and CaH	900	609
Integrated Teams and Support	354	200
Unidentified Balance	2,026	
<b>Total</b>	<b>5,710</b>	<b>2,519</b>

## ASC COST IMPROVEMENT/ REDUCTION

- £5.7m V&E target
- Delivery of £2.519m
- Delivery impacted by ongoing system pressures, push to increase Care Home capacity and additional support requested by providers

## NORTH HIGHLAND COMMUNITIES - MONTH 12 2024/2025 – MARCH 2025



Current Plan £000	Detail	Plan to Date £000	Actual to Date £000	Variance to Date £000
79.363	Inverness & Nairn	79.363	82.616	(3.252)
57.489	Ross-shire & B&S	57.489	60.923	(3.434)
49.879	Caithness & Sutherland	49.879	50.904	(1.026)
58.146	Lochaber, SL & WR	58.146	58.002	0.143
12.115	Management	12.115	11.448	0.667
7.817	Community Other AHP	7.817	6.821	0.996
7.641	Hosted Services	7.641	8.019	(0.377)
272.451	<b>Total NH Communities</b>	272.451	278.733	(6.282)
94.266	Health	94.266	92.305	1.960
178.186	ASC	178.186	186.428	(8.242)

### NORTH HIGHLAND COMMUNITIES

- £6.282m reported overspend
- Within Health ongoing vacancies, particularly within Community AHPs, are mitigating cost pressures within Enhanced Community Services, Chronic Pain, community equipment and agency staffing
- Within ASC the main pressure areas continue to be within independent sector provision particularly in Inverness & Nairn and Ross-shire & Caithness & Sutherland
- The year end forecast assumes delivery of ASC Value & Efficiency Cost Reductions/ Improvements of £2.519m

## MENTAL HEALTH SERVICES - MONTH 12 2024/2025 – MARCH 2025



Current Plan £m's	Summary Funding & Expenditure	Plan to Date £m's	Actual to Date £m's	Variance to Date £m's
	<b>Mental Health Services</b>			
43.620	Adult Mental Health	43.619	44.306	(0.687)
9.430	CMHT	9.430	9.082	0.348
2.241	LD	2.241	3.866	(1.625)
3.026	D&A	3.026	2.786	0.240
<b>58.318</b>	<b>Total Mental Health Services</b>	<b>58.317</b>	<b>60.040</b>	<b>(1.723)</b>
<b>44.632</b>	<b>Health</b>	<b>44.632</b>	<b>47.694</b>	<b>(3.062)</b>
<b>13.685</b>	<b>ASC</b>	<b>13.684</b>	<b>12.346</b>	<b>1.339</b>

### MENTAL HEALTH SERVICES

- £1.723m reported overspend
- Within this service area Health is the driver of the overspend position
- The main drivers for the overspend continue to be agency nursing and medical locums
- Buvidal and Clozapine drug costs account for a further pressure of £0.249m
- A forecast of £1.500m has been built in for out of area costs and continues to contribute to the forecast overspend

## PRIMARY CARE - MONTH 12 2024/2025 – MARCH 2025



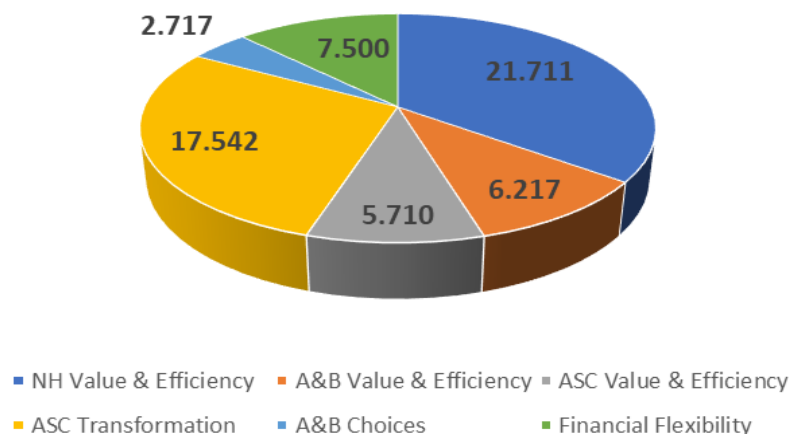
Current Plan £m's	Detail	Plan to Date £m's	Actual to Date £m's	Variance to Date £m's
	<b>Primary Care</b>			
<b>61.800</b>	GMS	61.800	62.755	(0.954)
<b>66.509</b>	GPS	66.509	69.840	(3.331)
<b>25.750</b>	GDS	25.750	23.638	2.112
<b>5.975</b>	GOS	5.975	5.995	(0.021)
<b>4.033</b>	PC Management	4.033	3.470	0.563
<b>164.066</b>	<b>Total Primary Care</b>	<b>164.066</b>	<b>165.698</b>	<b>(1.632)</b>

### PRIMARY CARE

- £1.632m reported overspend
- £2.001m overspend of prescribing has been built into the position – both cost and volume are contributing to this position
- £2.471m has been built in to the position in respect of locums in 2C practices
- Vacancies in primary care management and GDS are mitigating overspends in other areas
- Prescribing and 2C practices will continue to be a focus for the 2025/2026 cost improvement/ reduction programme

# MONTH 12 2024/2025 – MARCH 2025

## Cost Reduction/ Improvement Target (£m)



## COST REDUCTON/ IMPROVEMENT

- At the NHS Highland Board Meeting on 28 May the Board agreed to a proposed budget with a £22.204m gap from the brokerage cap – subsequently the brokerage cap has been increased to £49.7m but this has not impacted on the cost reduction/ improvement target
- Overall cost reductions/ improvements of £43.129m have been recorded. This includes benefits from actions taken to mitigate slippage against the V&E programme

Board agreed plan	
	Target £000s
<b>Opening Gap</b>	<b>112.001</b>
<b>Closing the Gap</b>	
NH Value & Efficiency	21.711
A&B Value & Efficiency	6.217
ASC Value & Efficiency	5.710
ASC Transformation	17.542
A&B Choices	2.717
Financial Flexibility	7.500
<b>GAP after improvement activity</b>	<b>50.604</b>
<b>GAP from Brokerage limit</b>	<b>22.204</b>



# MONTH 12 2024/2025 – MARCH 2025

## V&E Reduction Programmes as per Area

Value & Efficiency M12	V&E Original Plan			
	2024-25 Original Target (£'000)	Total Achieved & Forecasted (£'000)	GAP (£'000)	% of In Delivery vs Original Target
Value & Efficiency - North Highland	21,711	10,256	-11,455	47%
Value & Efficiency - Argyll & Bute	6,217	5,610	-607	90%
<b>Total Value &amp; Efficiency</b>	<b>27,928</b>	<b>15,866</b>	<b>-12,062</b>	<b>57%</b>
Value & Efficiency - ASC	23,252	8,922	-14,330	38%
<b>Total Value &amp; Efficiency incl ASC</b>	<b>51,180</b>	<b>24,788</b>	<b>-26,392</b>	<b>48%</b>

- 2024-25 Value & Efficiency target is set for £51.180m
- Current GAP in meeting this target is £26,392m
- Total value of savings delivered at the end of the FY 2024-25 is £ 24,788m of which:
  - 1). 41% (£ 10,256m) was delivered by North Highland
  - 2). 23% (£ 5,610m) was delivered by Argyll & Bute
  - 3). 36% (£ 8,922m) was delivered by ASC

# MONTH 12 2024/2025 – MARCH 2025

T&F Workstream / Value & Efficiency Area	V&A Plan			V&A Current Plan			GAP
	2024-25 Original Target (£'000)	2024-25 Current Target/Plan (£'000)	Plan Gap	Value of Efficiency in Delivery	Forecasted Value Still to be Delivered	Total Achieved & Forecasted	Original Target less (Achieved + Forecasted Efficiencies)
Accommodation staff/Agency	300	0	-300	0	0	0	-300
Bed Capacity Planning	0	0	0	0	0	0	0
Corporate Teams Consolidation	100	838	738	838	0	838	738
Delayed Discharge and Length of Stay	0	0	0	0	0	0	0
Diagnostics	0	0	0	0	0	0	0
District Redesign	100	0	-100	0	0	0	-100
External Room Hire	300	0	-300	0	0	0	-300
Income Generation	1,500	67	-1,433	67	0	67	-1,433
Integrated Service Planning	0	0	0	0	0	0	0
Leases & Agile Working	200	97	-103	97	0	97	-103
Management Restructure	0	280	280	280	0	280	280
Morse & TEC	0	0	0	0	0	0	0
On Call Rotas and Jnr Dr Compliance	600	0	-600	0	0	0	-600
OOH	1,000	0	-1,000	0	0	0	-1,000
Operational Digitisation Project	0	0	0	0	0	0	0
Oxygen Service	0	0	0	0	0	0	0
Patient Hub	0	0	0	0	0	0	0
Pelvic Health Pathway	0	0	0	0	0	0	0
People Review	0	0	0	0	0	0	0
Police Custody and SARC	200	221	21	221	0	221	21
Prescribing	6,500	3,174	-3,326	3,174	0	3,174	-3,326
Printing Devices	0	0	0	0	0	0	0
Procurement Consolidation and Efficiency	100	639	539	639	0	639	539
Rates Review Rebates (Historic)/VAT Recovery	0	1,235	1,235	1,235	0	1,235	1,235
Remote Outpatients & Virtual Capacity	0	28	28	28	0	28	28
Service Level Agreements	310	305	-5	305	0	305	-5
Shared Services	0	0	0	0	0	0	0
Stock Management Review	0	0	0	0	0	0	0
Stores, Logistics and Fleet	0	19	19	19	0	19	19
Supplementary Staffing	8,500	3,299	-5,201	3,299	0	3,299	-5,201
Telephony	0	55	55	55	0	55	55
Theatre Optimisation & PLCV	0	0	0	0	0	0	0
Transformation and Resilience of Admin	1,000	0	-1,000	0	0	0	-1,000
Travel	1,000	0	-1,000	0	0	0	-1,000
Vacancy Panel	0	0	0	0	0	0	0
Vaccination Service	0	0	0	0	0	0	0
Waste Management / Infection Prevention & Co	0	0	0	0	0	0	0
<b>Total North Highland</b>	<b>21,710</b>	<b>10,256</b>	<b>-11,454</b>	<b>10,256</b>	<b>0</b>	<b>10,256</b>	<b>-11,454</b>
Argyll & Bute Schemes	6,218	5,610	-608	5,610	0	5,610	-608
<b>Total North Highland &amp; Argyll &amp; Bute</b>	<b>27,928</b>	<b>15,866</b>	<b>-12,062</b>	<b>15,866</b>	<b>0</b>	<b>15,866</b>	<b>-608</b>
ASC Schemes	23,252	8,922	-14,330	8,922	0	8,922	-14,330
<b>Total North Highland, Argyll &amp; Bute and ASC</b>	<b>51,180</b>	<b>24,788</b>	<b>-26,392</b>	<b>24,788</b>	<b>0</b>	<b>24,788</b>	<b>-26,392</b>

**NHS Highland efficiency schemes for FY 2024-25.**

This summary highlights the differences between the original and current year plans and shows the performance of the efficiency schemes against the original targets.

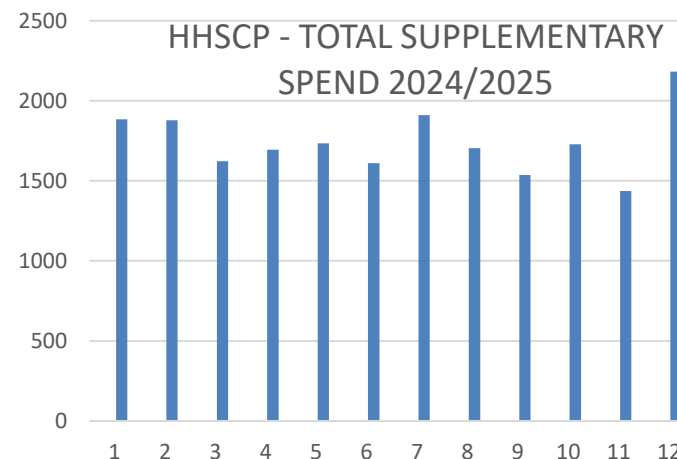
# MONTH 12 2024/2025 – MARCH 2025



	2024/2025		2023/2024	Inc/ (Dec)
	YTD	£'000	YTD £'000	YTD £'000
HHSCP		20,927	24,378	(3,451)

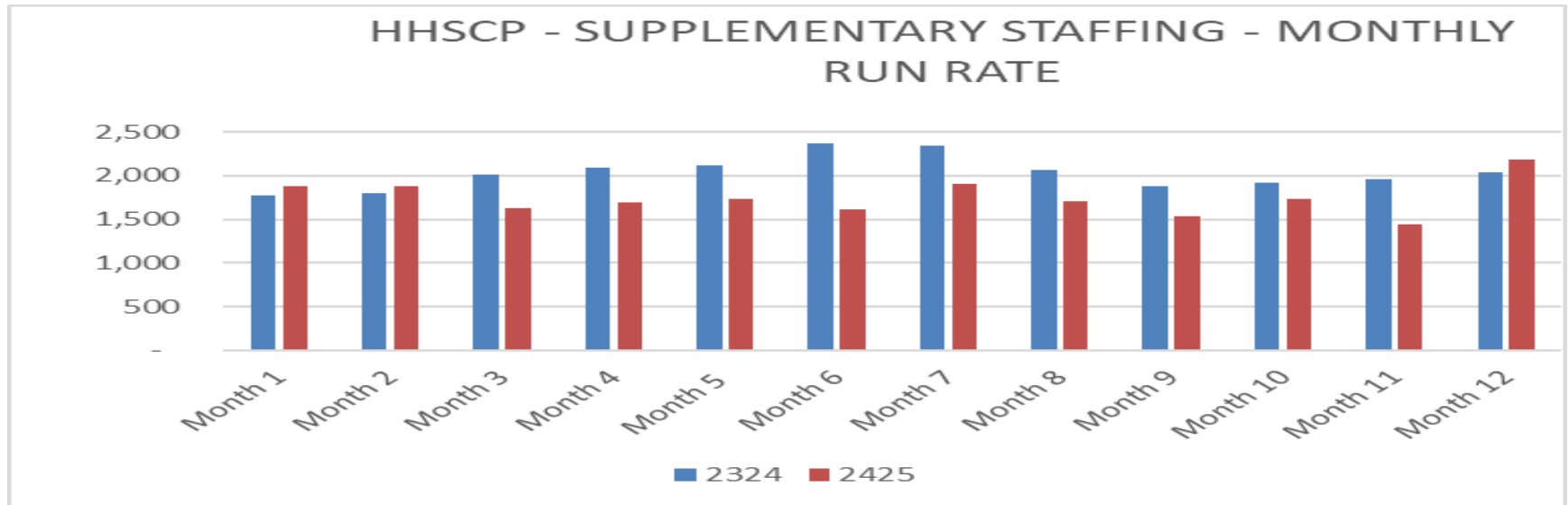
## SUPPLEMENTARY STAFFING

- Total spend on Supplementary Staffing at end of Month 12 is £3.451m lower than at the same point in 2023/2024.
- There is an underspend of £5.006m on pay related costs at the end of Month 12



Current Plan £m	Detail	Plan to Date £m	Actual to Date £m	Variance to Date £m
28.744	Pay	28.744	28.303	0.441
4.396	Medical & Dental	4.396	4.425	(0.029)
70.171	Medical & Dental Support	70.171	68.722	1.450
17.561	Nursing & Midwifery	17.561	15.974	1.587
0.074	Allied Health Professionals	0.074	0.031	0.043
9.620	Healthcare Sciences	9.620	9.958	(0.339)
6.927	Other Therapeutic	6.927	6.463	0.465
22.762	Support Services	22.762	21.728	1.034
0.398	Admin & Clerical	0.398	0.150	0.248
52.886	Senior Managers	52.886	50.170	2.717
0.424	Social Care	0.424	0.442	(0.018)
(2.612)	Ambulance Services	(2.612)	(0.019)	(2.592)
	Vacancy factor/pay savings			
211.352	Total Pay	211.352	206.345	5.006

## MONTH 12 2024/2025 – MARCH 2025



- Month 12 spend is £0.746m higher than month 11 due to an adjustment from the previous month
- YTD Reduction of £3.451m compared to 2023/2024

# 2025/2026 FINANCIAL PLAN



	MARCH SUBMISSION		JUNE SUBMISSION	
	£m	£m	£m	£m
<b>Financial Gap</b>		<b>115.596</b>		<b>110.058</b>
Maximum Brokerage		-		-
<b>Reduction required to deliver balance</b>		<b>115.596</b>		<b>110.058</b>
<b><i>Cost Improvement/ Reduction Programmes</i></b>				
3% Cost Reduction/ Improvement	20.353		20.353	
A&B - 3% of baseline	7.852		7.852	
ASC - 3%	6.192		6.192	
Delivering ASC to breakeven	19.838		19.838	
Allocations Slippage	1.000		1.000	
Balance Sheet Adjustments	4.638		4.638	
Further non-recurrent actions				10.180
<b>Opportunities</b>		<b>59.873</b>		<b>70.053</b>
<b>Gap to In Year Financial Balance</b>		<b>55.723</b>		<b>40.005</b>

- The financial plan submitted to SG in March detailed an opening financial gap of £115.596m with opportunities identified to reduce this to £55.723m
- This submission was not acceptable to SG and they indicated that a resubmission was necessary with a requirement to 'not exceed a net financial deficit of £40 million'
- A revised plan has been submitted to and accepted by SG detailing a net financial deficit of £40.005m

# 2025/2026 FINANCIAL PLAN - Adult Social Care

## 2025/2026 Estimate at M10 2024/2025

Estimated Expenditure	194.7667	Quantum	141.522	Emerging Gap	26.030
Income	(0.560)	NHS Highland/SG	32.763		
Inflation	7.591	SG Funding 2025/2026 TBC	6.100		
Pay	1.894		<u>180.385</u>		
Non Pay	0.322				
NI Impact	1.236				
	<u>205.249</u>				
Moss Pk move in house	1.900				
Transition Rate Inc	0.375				
CCHST & Digital Switch Hubs	(1.109)				
	<u>206.415</u>				

### Risks

- Support payments to ISC providers not built in – need to be revisited when current agreements reach end date and ensure tight governance and appropriate reporting around any agreement to provide support
- Potential collapse of National Care Home Contract
- Impact of national insurance uplift on independent providers

# 2025/2026 FINANCIAL PLAN - Value & Efficiency Schemes Proposal

Scheme	Estimate
Time to care	3.000
Nurse Agency Reduction	2.792
Reduction in locum use	1.138
Non Compliant Rota Review	0.275
AHP Direct Engagement	0.100
TARA	0.900
Corporate Consolidation	0.500
ONS Direct Supply	0.060
Prescribing Switches	1.670
Medicines Waste/ Polypharmacy Reviews	2.000
Energy Procurement	1.700
Leases & Agile Working	0.250
SLA Income	0.500
Income Generation	0.130
Travel	0.190
Review SLA expenditure	0.500
Vaccinations	0.300
Procurement	1.500
HHSCP Redesign	2.418
Other	0.430
<b>TOTAL</b>	<b>20.353</b>

- V&E schemes based around generation of 3% recurring cost reductions/ improvements
- 3% is based on baseline budget
  - £940.154m for NHS Highland
  - £678.419m for NH
  - £261.734m for A&B
- Number of schemes carried forward from 2024/2025
- Further development ongoing

# 2025/2026 FINANCIAL PLAN - 15 Box Grid

2024/2025

15 Box Grid		
Innovation & Value-Based Healthcare	Workforce Optimisation	Service Optimisation
1. Medicines of Low Clinical Value	6. Nurse Agency Reduction	11. Theatres Optimisation
2. Procedures of Low Clinical Value	7. Medical Locums' Reduction	12. Remote Outpatient Appointments
3. Medicines Wastage	8. Sickness Absence Reduction	13. PLICS Roll Out
4. Polypharmacy Review	9. Non-Compliant Rotas Review	14. Length of Stay Reductions
5. Medicine Switches	10. Central Functions Job Family Review	15. Energy Efficiency Schemes

2025/2026

15 Box Grid		
Innovation & Value-Based Healthcare	Workforce Optimisation	Service Optimisation
1. Medicines of Low Clinical Value	6. Agency Reduction	11. Theatres Optimisation
2. Clinical Variation Review	7. Sustainable Staff Bank Usage	12. Remote Outpatient Appointments
3. Digital Savings	8. Sickness Absence Reduction	13. PLICS Roll Out
4. Energy Efficiency Schemes	9. Non-Compliant Rotas Review	14. Length of Stay Reductions
5. Prescribing Savings	10. Central Functions Job Family Review	15. Non-pay Spend Review

- 15 box grid updated for 2025/2026
- NHS Highland continue to engage with national workstreams
- Established V&E schemes align with the 15 box grid
- £10.437m identified as an estimate for delivery in year



- 60% of the impact of the increase in employers' national insurance contributions funded
- Impact of national insurance uplift on suppliers and independent sector service providers
- SLAs – potential for different methodology to come into place for 2025/2026
- Ongoing impact / cost of Agenda for Change non-pay elements from 2023/2024 pay settlement
- Non-delivery of cost reductions/ cost improvements
- Continuation of NCHC
- Fluctuations in rate of inflation and associated impact on non-pay costs
- Recruitment difficulties and potential impact on supplementary staffing costs

# 2025/2026 FINANCIAL PLAN - Targets

Summary	Target
Acute	7.750
HHSCP	6.760
Deputy Chief Exec (excluding eHealth)	0.037
People & Culture	0.476
Public Health	0.609
Finance	0.389
Medical	0.141
Nursing	0.130
Tertiary	1.094
Estates & Facilities	2.201
eHealth	0.639
Strategy & Transformation	0.127
<b>TOTAL</b>	<b>20.353</b>

- Targets based on combination of budget and type of V&E scheme
- Targets will be within devolved budgets from start of year rather than held centrally and reallocated when plans are in place/ cost reductions or improvements delivered
- Work with Finance and Strategy & Transformation to develop more detailed plans to support delivery of 3% recurring reductions

# 2025/2026 FINANCIAL PLAN - HHSCP

## Value & Efficiency Position for the FY 2025-26 as at 26/06/2025

### Area: HHSCP

Reduction Programmes	Value & Efficiency Plan as per Scheme			Savings Achieved
	Allocated Target	Current Plan @ 100%	Risk Adjusted Forecast	
<b>Value &amp; Efficiency - North Highland</b>	<b>20,353</b>	<b>13,131</b>	<b>6,234</b>	<b>1,484</b>
<b>HHSCP</b>				
AHP Direct Engagement		50	25	0
Dental Redesign		1,000	750	0
HHSCP - Clinical Stores		5	3	0
HHSCP - Postages		10	1	0
HHSCP - Unfunded Posts		100	57	0
HHSCP Travel		59	6	0
LD/ASC- Transition Team Unfunded Posts		225	113	0
MHLD Discharge Pathway		50	5	0
MHLD Notes Retrieval		5	0	0
MHLD Reduction in Costs / Out of Area Placements		425	193	0
MHLD Reduction in Drug Costs		10	5	0
MHLD Reduction in Travel and Transport (inc taxis and pool cars)		50	25	0
New Craigs Hospital - Supplementary Nursing Staff		410	205	0
Oral Nutritional Supplements (ONS) Direct Supply		5	3	0
Police Custody/ SARC/ Forensic Medical Examiner (FME)		100	100	19
Prescribing - Highland - HHSCP		1,179	686	194
Prescribing - Sustainable - HHSCP		0	0	0
Supplementary Staffing - Medical - MH -SUPP REDUCTION IN LOCUM COSTS		50	30	14
Supplementary Staffing - Nursing - HHSCP (Community Hospitals)		579	58	0
Supplementary Staffing Primary Care 2C		0	0	0
TARA HHSCP		144	14	0
Time to Care		500	50	0
<b>Total HHSCP</b>		<b>4,956</b>	<b>2,329</b>	<b>227</b>